

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-05
CEA-01 L-03 H-01 PA-01 PRS-01 /087 W
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P R 231022Z DEC 77
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC PRIORITY 4547
INFO AMEMBASSY BONN
AMEMBASSY PARIS

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OECD

E.O. 11652: N/A
TAGS: EFIN, AU
SUBJECT: AUSTRIAN EXCHANGE RATE DEVELOPMENTS

REF: VIENNA 10747

1. AS THE DOLLAR FIRMED SOMEWHAT ON THE VIENNA FOREIGN EXCHANGE MARKET (AS 15.26 ON DEC. 21, AND AS 15.44 ON DEC. 22) FOLLOWING A NEW RECORD LOW OF AS 15.17 ON DEC. 20, THE SCHILLING CONTINUED TO SLIP VIS-A-VIS THE DMARK. ON DEC. 22 THE RATE CLOSED AT AS 718.80 EQUALS DM 100, THE LOWEST SINCE APRIL 1976. HEAVY OUTFLOWS OF FOREIGN EXCHANGE ALSO HAVE BEEN REPORTED.

2. IN AN EXCLUSIVE PRESS STORY, NATIONAL BANK GENERAL MANAGER KIENZL IS REPORTED TO HAVE SAID THAT THE HARD SCHILLING POLICY (ADOPTED IN JULY 1976) WAS DESIGNED TO BE ONLY TEMPORARY, AND NOT VALID INDEFINITELY. HE ALSO WAS REPORTED TO HAVE SAID THAT HENCEFORTH THE SCHILLING

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WILL BE ORIENTED TO THE DUTCH GUILDER, BELGIAN FRANC AND THE SCANDINAVIAN CURRENCIES AS WELL AS THE DMARK, BUT NOT TO THE SWISS FRANK OR JAPANESE YEN.

3. IN SUBSEQUENT CONVERSATION, NATIONAL BANK MANAGING DIRECTOR TOLD ECONCOUNS THAT KIENZL'S STATEMENTS HAD BEEN EXAGGERATED BY REPORTER, BUT NEVERTHELESS IMPLIED THAT A

SOFTER SCHILLING IS AHEAD SINCE THE DAILY WEIGHTING PROCESS
WILL BE INFLUENCED MORE BY THE SOFTER CURRENCIES OF AUSTRIA'S
MAJOR TRADE PARTNERS. A LATER PRESS STATEMENT BY NATIONAL
BANK PRESIDENT KLOSS CONVEYED ESSENTIALLY THE SAME MESSAGE.
JUST HOW MUCH THE SCHILLING WILL BE ALLOWED TO SLIP VIS-
A-VIS THE DMARK REMAINS TO BE SEEN; BUT LOCAL BROKERS ARE
ANTICIPATING A RATE OF DM 100 EQUALS AS 725/730 WITHIN
THE NEXT FEW DAYS. BORG

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 23-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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TAGS: EFIN, AU
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